

# GLOBAL & REGIONAL DAILY

June 10, 2024

## Global markets

European sovereign yield spreads widened and the EUR/USD fell this morning after nationalist eurosceptic parties made gains in the European Parliamentary elections and French President Emmanuel Macron called a snap parliamentary elections in response to his party's heavy defeat. The yield on 10yr French bonds has risen 7bps to 3.19% so far today, increasing the spread over 10yr Bunds by 5bps to 55bps. The spread of 10yr BTPs over Bunds rose 6bps to 141bps. The EUR/USD fell 0.4% this morning to a one-month low of 1.076 at the time of writing, following an 0.8% drop of Friday, which came in response to a strong US jobs report for May. That showed that the economy added 272k non-farm payrolls – 87k more than the consensus forecast – and growth in average earnings once more accelerated, to 0.4%MoM from 0.2%MoM in April. However, the unemployment rate did tick up to 4.0% in May from 3.9% the month before. The yield on 10yr USTs jumped 15bps on Friday, and is up another 4bps so far today at 4.46%.

## Greece

The election for the 21 Members of the European Parliament (EP) representing Greece that took place yesterday was marked by a record-low voter turnout of 41.3%. Centre-right New Democracy (EPP) received 28.3% of the vote (7 seats), well below the 33% bar set by party leader and Prime Minister Kyriakos Mitsotakis, yet still more than the combined votes of the two largest opposition parties, Syriza (The Left, 14.9%, 4 seats) and PASOK (S&D, 12.8%, 3 seats). The other four parties that will be represented in the upcoming EP are positioned significantly further either to the right (Greek Solution, 9.3%, 2 seats; Victory, 4.4%, 1 seat; Voice of Reason, 3%, 1 seat) or to the left (Communist Party, 9.3%, 2 seats; Course of Freedom, 3.4%, 1 seat) of the political spectrum. On the data front, nights spent at tourist accommodation establishments in Q1 2024 were higher by 2.0% compared to Q1 2023 (EU27:+6.6%) and by 3.7% compared to Q1 2019 (EU27:+5.7%) according to Eurostat.

## CESEE

In Romania, non-seasonally adjusted Q1 GDP growth was revised slightly downwards relative to the flash estimate in the analytical GDP data released on Friday, to 1.6%YoY from 1.7%YoY, while the quarterly pace remained unchanged, indicating stagnation (0.1%). A morning stream of short-term data from Turkey indicates mostly worsening dynamics in key variables in April. Unemployment eased further, to 8.5% from 8.6% a month earlier and 1.5ppts below its level a year ago. In contrast, industrial production fell for the first time in 12 months, by 0.7%YoY. The change of trend is mainly due to the same switch in manufacturing (-1.2%YoY from +4.5%YoY). In the external segment of the economy, the current account balance deteriorated on an annual basis for the first time in nine months, by 3.9%, almost entirely from a deterioration in the goods balance. This week, the Serbian central bank convenes, which had made clear that it was waiting for major CBs to proceed to monetary easing before proceeding to such a decision.

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